SASKATCHEWAN ARTS BOARD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

PROVINCIAL AUDITOR
of Saskatchewan

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Saskatchewan Arts Board, which comprise the statement of financial position as at March 31, 2017, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Saskatchewan Arts Board as at March 31, 2017, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Judy Ferguson

Regina, Saskatchewan
June 29, 2017

Judy Ferguson, FCPA, FCA
Provincial Auditor

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SASKATCHEWAN ARTS BOARD
STATEMENT OF FINANCIAL POSITION
As at March 31

	2017	2016
Financial Assets		
Cash – operations	$ 680,533	$ 1,373,502
Cash – Flexible Loan Program (Note 15)	150,000	150,000
Accounts receivable	14,850	72,225
Loans receivable – operations (Note 8 and 12)	110,000	100,000
Investments (Note 4, 10 and 11)	5,949,668	5,471,171
	6,905,051	7,166,898
Liabilities		
Accounts payable		
Grants payable	413,273	449,282
Accrued employee benefits payable	53,131	70,268
Other	59,518	166,711
Deferred revenue (Note 19)		
Permanent Collection fees	23,903	28,879
Michele Sereda Fund	-	1,265
Canada Games Legacy	-	62,000
Other	16,981	4,084
	566,806	782,489
Net financial assets (Statement 3, Note 17)	6,338,245	6,384,409
Non-Financial Assets		
Prepaid expenses	45,868	39,250
Tangible capital assets (Note 14)	415,095	285,364
	460,963	324,614
Accumulated surplus (Statement 2)	$ 6,799,208	$ 6,709,023
Accumulated surplus consists of:		
Operations	$ 1,707,152	$ 2,026,524
Endowment Fund (Note 10a)	5,092,056	4,682,499
	$ 6,799,208	$ 6,709,023

Collections (Note 9)

Contingent liabilities (Note 13)

(See accompanying notes to the financial statements)

SASKATCHEWAN ARTS BOARD
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended March 31

	2017	2016
Revenues:		
General Revenue Fund	$ 6,808,000	$ 7,358,000
Contribution from SaskCulture Inc.	1,853,000	1,830,000
Other public revenue	157,592	155,265
Permanent Collection revenue	71,507	71,020
Other earned revenue	104,074	75,792
Investment income	522,311	(318,805)
Donations and sponsorships	272,975	83,075
	9,789,459	9,254,347
Expenses:		
Grants (Note 18)	6,652,494	6,370,193
Community outreach & services	296,729	157,419
Permanent Collection		
Purchases and donations (Note 9)	318,997	116,306
Permanent Collection costs	22,981	18,810
Program operating costs	1,092,552	1,017,898
General administration costs	1,315,521	1,570,971
	9,699,274	9,251,597
Annual surplus	90,185	2,750
Accumulated surplus, beginning of the year	6,709,023	6,706,273
Accumulated surplus, end of the year (Statement 1)	$ 6,799,208	$ 6,709,023

(See accompanying notes to the financial statements)

SASKATCHEWAN ARTS BOARD
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended March 31

	2017 Budget (Note 7)	2017	2016
Net financial assets, beginning of the year	$ 6,384,409	$ 6,384,409	$ 6,293,242
Net operating results for the year	(41,682)	90,185	2,750
Changes in prepaid expenses	-	(6,618)	(10,099)
Acquisition of tangible capital assets (Note 14)	(222,000)	(235,726)	(36,646)
Amortization (Note 14)	108,000	105,995	135,162
Changes in net financial assets during the year	(155,682)	(46,164)	91,167
Net financial assets, end of the year (Statement 1)	$ 6,228,727	$ 6,338,245	$ 6,384,409

(See accompanying notes to the financial statements)

SASKATCHEWAN ARTS BOARD
STATEMENT OF CASH FLOWS
For the Year Ended March 31

		2017		2016
Cash flows (used in) operating activities:				
Cash receipts:				
Allocation from General Revenue Fund	$	6,808,000	$	7,358,000
Contribution from SaskCulture Inc.		1,853,000		1,830,000
Fees and other		343,190		226,825
Other contributions		35,173		27,650
		9,039,363		9,442,475
Cash disbursements:				
Grant and transfer payments		6,913,936		7,777,956
Salaries and benefits		1,622,132		1,756,627
Space and accommodation		341,208		282,346
Supplies and other		609,330		565,519
		9,486,606		10,382,448
Net (decrease) in cash from operating activities		(447,243)		(939,973)
Cash flows (used in) capital activities:				
Additions to tangible capital assets		(235,726)		(42,225)
Net (decrease) in cash from capital activities		(235,726)		(42,225)
Cash flows (used in) from investing activities:				
New loan payments		(10,000)		-
Loan repayments		-		64,774
New investments		-		-
Proceeds from investments		-		262,000
Net (decrease) increase in cash from investing activities		(10,000)		326,774
Net (decrease) in cash for the year		(692,969)		(655,424)
Cash position, beginning of the year		1,523,502		2,178,926
Cash position, end of the year	$	830,533	$	1,523,502
Cash consists of:				
Cash – operations	$	680,533	$	1,373,502
Cash – Flexible Loan Program		150,000		150,000
	$	830,533	$	1,523,502

(See accompanying notes to the financial statements)

SASKATCHEWAN ARTS BOARD
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2017

1. Purpose and Authority

The Saskatchewan Arts Board was established pursuant to *The Arts Board Act.* It has been continued under *The Arts Board Act, 1997* (the Act). It recognizes, encourages, and supports the arts to enrich community well-being, creativity, diversity, and artistic prosperity. The Act continues the Saskatchewan Arts Board Fund through which all financial transactions are conducted which pertain to fulfilling the purposes of the agency as indicated in the Act.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian public sector accounting standards issued by the Public Sector accounting Board. These statements do not present a Statement of Remeasurement Gains and Losses as it is not practical to determine the unrealized portion of investment income relating to its investments. As a result, all income attributable to its investments is recorded in Investment income on the Statement of Operations and Accumulated Surplus. The significant policies are as follows:

a) Collections

The Board maintains a collection of artworks and related archives in all forms in order to inform, enlighten, and enhance the lives of present and future generations. Works in the collection are acquired through purchase, commission, donation, or bequest.

i) Permanent collection purchases are charged at cost as an expense in the Statement of Operations and Accumulated Surplus in the year of purchase.

ii) Donated works of art and archives for the permanent collection are recorded as revenue at their fair market value at the time of donation with a corresponding charge to expenses in the Statement of Operations and Accumulated Surplus.

b) Tangible Capital Assets

Leasehold improvements, equipment, and furnishings are recorded at cost less accumulated amortization. The net book value of these capital assets is detailed in Note 14. Tangible capital assets are amortized on a straight-line basis over their estimated useful lives which are as follows:

Electronic equipment	4 years
Other equipment	6 years
Furnishings	10 years
Leasehold improvements	Life of the lease

Tangible capital and other non-financial assets are accounted for as assets by the Board because they can be used to provide Board services in future periods. These assets do not normally provide resources to discharge the liabilities of the Board unless they are sold.

c) Restricted Assets

Externally: the Board may receive cash with the stipulation it be used for specific purposes. These amounts are available only for the purposes stipulated by the contributor.

Designated Assets: the Board periodically restricts amounts from cash to be allocated for specified purposes. In restricting these amounts, the Board takes into account the amounts and stated preferences of contributors. These amounts are not available for other purposes without approval of the Board of Directors.

d) Grant Expenses

Except where specified by direct Board motion, grants are expensed in the year in which they are budgeted and approved by the Board, the applicant has met the eligibility criteria, and the amount of the grant can be estimated.

e) Cash

Cash consists of interest-bearing money on deposit with the bank. The interest rate during the year was 0.70% (2016: 0.70% to 0.85%).

f) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles for Public Sector requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Assumptions underlying asset valuations are limited by the availability of reliable comparable data and the uncertainty of predictions concerning future events. The inherent uncertainty involved in making such estimates and assumptions may impact the actual results reported in future periods. Differences are recorded in current operations when identified.

The primary measurement uncertainty arising from the use of estimates which may affect reported amounts relates to the values of loans receivable, accounts receivable, and tangible capital assets.

g) Revenues

Revenues are recognized as they are earned and measurable.

Government transfers are recognized in the financial statements in the period in which the transfer is authorized, eligibility criteria are met, and reasonable estimates of the amount can be made.

Deferred revenue represents user charges and other fees which have been collected, for which the related services have yet to be provided. These amounts will be recognized as revenue in the fiscal year the services are provided.

h) Investments

A new investment manager was hired during the year.

The Board's funds have been invested into an assortment of pooled funds. These pooled funds include Canadian, U.S., and international equities; bonds; and cash and cash equivalents. Such funds are valued daily based on the closing prices of the securities held in the funds.

3. Pension Plan

Employees make contributions to the Public Employees' Pension Plan, a defined contribution plan. Funding requirements are established by *The Public Employees Pension Plan Act*. During the year, the employee contribution rate remained at 6.25%, and the employer contribution rate also remained at 7.25% for in-scope employees. The out-of-scope employee contribution rate remained at 6% and employer contribution rate increased to 7.60% (2016: 7.50%). During the year, the Board's total contributions were $96,411 (2016: $85,030) and are included in Salaries and benefits in Note 7.

4. Fair value of Financial Instruments

The Board's significant financial instruments consist of cash, investments, accounts receivable, loans receivable, and accounts payable. The fair value of the loans receivable is not readily determinable due to the nature of the loans as described in Note 8 and Note 15. As described in Note 2h, the investments are carried at fair value. The fair values of the other financial instruments approximate their carrying value due to their short-term nature.

The investments are classified using a hierarchy that reflects the significance of the inputs used in determining their measurements.

Under the classification structure, financial instruments recorded at unadjusted quoted prices in active markets for identical assets and liabilities are classified as Level 1. Instruments valued using inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly are classified as Level 2. Instruments valued using inputs that are not based on observable market data are classified as Level 3.

The following table classifies the investments' financial instruments within this fair value hierarchy, with the current year table restructured in accordance with the new investment portfolio:

2017:

Pooled Funds	Level 1	Level 2	Level 3	Total
Balanced Funds	$ 0	$ 5,903,119	$ 0	$ 5,903,119
Fixed Income Funds		46,549		46,549
Total	$ 0	$ 5,949,668	$ 0	$ 5,949,668

2016:

Pooled Funds	Level 1	Level 2	Level 3	Total
Money Market Fund	$ 0	$ 260,970	$ 0	$ 260,970
Fixed Income Fund		2,293,056		2,293,056
Equity Funds		2,905,267		2,905,267
Real Estate		11,878		11,878
Total	$ 0	$ 5,471,171	$ 0	$ 5,471,171

5. Assessment Services

The Board has entered into agreements with several organizations to provide assessment and program delivery services on their behalf. In cases where the grant

amounts recommended are paid directly by the partner organization, the grant amounts are not reported in these financial statements. During 2017 the Board convened juries leading to the recommendation of 48 grants to be paid by partner organizations (2016: 56 grants).

Fees earned by the Board for assessment services are recorded as revenues. During 2017 the following assessment fees were recognized:

Client	2017	2016
SaskCulture	$123,000	$ 120,000
Parks, Culture and Sport (CoGo)	20,000	30,000
Access Copyright Foundation (ACF)	43,500	42,750
	$186,500	$ 192,750

6. Contractual Obligations

Operating lease

The Board leases office space in Regina and Saskatoon and storage space for its permanent collection in Regina. The Regina office space lease expires January 31, 2019. The future minimum lease payments are:

Fiscal Year	Operating Leases
2017/18	220,498
2018/19	165,930
2019/20	60,917
2020/21	60,917
2021/22	63,661

7. Comparison of Planned and Actual Results by Object

	2017 Budget	2017 Actual	2016 Actual
Revenues			
General Revenue Fund	$ 7,358,000	$ 6,808,000	$ 7,358,000
SaskCulture Inc.	1,853,000	1,853,000	1,830,000
Other	533,590	1,128,459	66,347
Total revenues	9,744,590	9,789,459	9,254,347
Expenses			
Grants and transfers	6,735,977	6,810,332	6,534,577
Permanent Collection			
Acquisitions	119,580	318,997	116,306
Programming	51,100	22,981	17,588
Projects	157,781	138,890	13,299
Operations			
Salaries and benefits	1,730,540	1,508,526	1,701,257
Office and administration	409,074	419,045	359,082
Furniture and equipment	204,000	180,065	231,778
Programs and services	151,540	113,129	59,927
Travel and meetings	142,930	104,255	83,168
Communications	83,750	83,054	134,615
Total expenses	9,786,272	9,699,274	9,251,597
Annual surplus/(deficit)	(41,682)	90,185	2,750

The original budget for the 2016/17 year was approved by the Board on June 23, 2016.

8. Loans Receivable – Operations

In 2015 the Board entered into a loan agreement for $100,000 at an interest rate of 1%. It was agreed that accrued interest will be repaid, but the principal repayment for this loan would not begin until January 1, 2020. As of this date, principal and interest would be repaid according to a yearly schedule yet to be determined.

In 2017 the Board entered into a loan agreement for $10,000 at an interest rate set at prime. It was agreed that accrued interest will be forgiven, if the principal amount of the loan is fully repaid on or before July 31, 2017.

9. Collections

	2017	2016
Art	$ 3,139,523	$ 2,817,874
Archives	27,470	27,470
Permanent Collections	$ 3,166,993	$ 2,845,344

During the year, the Board purchased art objects totaling $70,297 (2016: $33,731) for the permanent collection. In addition, art objects of $248,700 (2016: $82,575) were donated to the collection. In January 2002, the permanent collection was appraised by members of the Professional Art Dealers Association of Canada and assigned a value of $2,903,173 on the basis of market value. In 2017, 88 objects (2016: 57 objects) were appraised at a value of $248,700 (2016: $82,575). With the addition of 2017 acquisitions, the appraised value of the collection is increased to $5,767,920 (2016: $5,448,923). The remaining objects in the collection will be appraised in due course.

10. Investments

From 2007 to 2016, the Board worked under an agreement with an investment manager to maintain funds consigned by the Board for specified purposes. In January 2017, the Board changed investment managers and entered into a new investment fund agreement.

Rates of return are declared by the investment manager each quarter. Any earnings on investments are recognized at the end of the month based on statements from the investment manager. Fees consist of custodial fees and management fees. Custodial fees are incurred monthly while management fees are incurred on a quarterly basis. During the year, the Board consigned $0 (2016: $0) to the Investment Fund and withdrew $0 (2016: $262,000).

a) Endowment Fund

During March 2015, in accordance with the *Arts Board Act, 1997*, Article 26, the Board of Directors established an endowment fund of $5,000,000 designated for the benefit of arts and artists in Saskatchewan. The Board stipulated that only interest received from the Endowment Fund is to be allocated to initiatives in support of the arts in Saskatchewan.

	Balance as at March 31, 2016	Net change to capital	Earnings	Fees	Balance as at March 31, 2017
Externally restricted assets:					
Canada Games Legacy	$ 62,000	$ (62,000)	-	-	-
	62,000	(62,000)	-	-	-
Designated assets:					
Fred Mennie Fund	$ 41,087	$ -	$ 3,760	$ (168)	$ 44,679
Prince Edward Arts Scholarship	40,325	-	3,691	(165)	43,851
Endowment Fund	4,682,499	-	428,715	(19,158)	5,092,056
Total restricted assets	4,825,911	(62,000)	436,166	(19,491)	5,180,586
Non-restricted assets	645,260	-	126,473	(2,651)	769,082
Total	$ 5,471,171	$ (62,000)	$ 562,639	$ (22,142)	$ 5,949,668

11. Investment Performance

The Board's investments are represented by the amounts held by the investment manager (see Note 2h). The following is a summary of the investment performance:

	2017	Four-year annualized return
Actual (a)	8.7%	4.0%
Benchmark (b)	5.0 to 6.0%	5.0 to 6.0%

(a) The annual returns are net of investment expenses.

(b) The benchmark return is the Board's target rate of return for its investments. The benchmark return is based on the performance of the Board's planned investment portfolio.

The funds are invested based on the Board's investment policy. The Board pays investment management fees and custodian fees for these services.

12. Financial Risk Management

The nature of the Board's operations result in a statement of financial position that consists primarily of financial instruments. The risks that arise are credit risk, liquidity risk, and market risk (consisting of interest rate risk, foreign exchange risk and equity price risk).

Significant financial risks are related to the Board's investments. These financial risks are managed by having an Investment Policy that provides guidelines to the Board's investment manager for the asset mix of the portfolio regarding quality and quantity of fixed income and equity investments. The asset mix helps to reduce the impact of market value fluctuations by requiring investments in different asset classes and in domestic and foreign markets. The Board reviews regular compliance reports from its investment manager as to its compliance with the Investment Policy.

a) Credit risk

Credit risk is the risk that a party owing money to the Board will fail to discharge that responsibility. The Board is exposed to credit risk from the potential non-payment of accounts and loans receivable. Loans receivable: operations are secured against grant allocations. Therefore, the credit risk is minimal. All loans receivable – Flexible Loan Program have been paid, and there are none outstanding.

Credit risk within investments is primarily related to fixed income pooled funds. It is managed through the Board's investment policy that limits these fixed term investments to those of high credit quality (BBB is the minimum rating for bonds and the minimum quality rating of any short-term note is R-1 Low as rated by DBRS). The maximum credit risk the investments is exposed to at March 31, 2017 is limited to $2.2 million (2016: $2.6 million) which represents investment in bonds; and cash and cash equivalents.

b) Liquidity risk

Liquidity risk is the risk that the Board will encounter in meeting obligations associated with financial liabilities. The Board is exposed to low liquidity risk. This is managed through prudent financial management and oversight.

c) Market risk

Market risk is the risk that arises from changes in the value of financial instruments. Values can be affected by changes in interest rates, foreign exchange rates and equity prices. Market risk primarily impacts the value of the investments.

Interest rate risk

Investments are exposed to changes in interest rates in its fixed income investments. Duration is a measure used to estimate the extent that market values of fixed income instruments change with changes in interest rates. Using this measure, it is estimated that an increase of 100 basis points in interest rates would decrease net assets by $0.14 million, representing 7.3% of the $1.9 million fair value of fixed income investments.

Foreign exchange

Investments are exposed to changes in the US dollar exchange through its U.S. Equities. Also, it is exposed to international currencies through its International Equities. As at March 31, 2017, the investments' exposure to U.S. equities was 19.6% (2016: 21.0%) and its exposure to international equities was 19.7% (2016: 21.6%).

Equity prices

Investments are exposed to changes in equity prices in Canadian, U.S., and international markets through its equity investments. Equities comprise 62.3% (2016: 53.1%) of the carrying value of the investments. The investment policy limits the investment in equities to no more than 25% of the total market value of the fund in any one index-defined corporate group.

13. Contingent Liabilities

The Arts Board has been named as a co-defendant in two claims that have been served prior to 2014. One claim has been settled during the year. As at March 31, 2017, the likelihood of resolution of the remaining claim against the Arts Board is not determinable.

14. Tangible Capital Assets

	Leasehold improvements	Furnishings	Other equipment	Electronic equipment	2017 Total	2016 Total
Opening costs of tangible capital assets	$ 772,782	$ 103,499	$ 20,364	$ 443,870	$ 1,340,515	$ 1,767,939
Additions during year	185,378	22,087	-	28,261	235,726	36,646
Disposals during year	-	-	-	-	-	(464,070)
Closing costs of tangible capital assets	958,160	125,586	20,364	472,131	1,576,241	1,340,515
Opening accumulated amortization	644,439	53,197	18,058	339,457	1,055,151	1,384,059
Annual amortization	51,371	9,251	542	44,831	105,995	135,162
Disposals during year	-	-	-	-	-	(464,070)
Closing accumulated amortization	695,810	62,448	18,600	384,288	1,161,146	1,055,151
Net book value of tangible capital assets	$ 262,350	$ 63,138	$ 1,764	$ 87,843	$ 415,095	$ 285,364

The Arts Board had no write-downs during the year.

15. Flexible Loan Program

In 2008, Order-in-Council 817/2007 provided additional funding to the Saskatchewan Arts Board, including $1,150,000 for the establishment of a loan program in support of Creative Industries. The purpose of this program is to provide recoupable low-interest loans to support individual artists, arts businesses and arts organizations in developing new business opportunities or expanding existing opportunities to ensure the creation, production, promotion and dissemination of high quality and authentic cultural products.

In 2013, the Board entered into an agreement with the Ministry of Parks, Culture and Sport to repurpose $1,000,000 from the Flexible Loan Program for disbursement as grants to support creative industry projects through the Creative Industries Transition Fund, a program established for this purpose. The effective date of the agreement was April 1, 2013.

	2017	2016
Opening cash balance	$ 150,000	$ 150,000
Proceeds	-	-
Less: disbursements	-	-
Closing cash balance	150,000	150,000
Loans receivable	-	-
Closing balance, Flexible Loan Program	$ 150,000	$ 150,000

There are no future payments to the Board under the Flexible Loan Program.

16. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Board by virtue of common control by the Government of Saskatchewan, and non-Crown corporations and enterprises subject to joint control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties"). Routine operating transactions with related parties are recorded at agreed-upon exchange amounts and settled under normal trade terms. Those transactions and amounts outstanding at year-end are as follows:

	2017	2016
Revenues		
General Revenue Fund	$ 6,808,000	$ 7,358,000
Creative Saskatchewan	50,000	47,765
Ministry of Education	49,900	49,500
Ministry of Parks, Culture & Sport	5,335	2,000
Tourism Saskatchewan	2,000	-
Saskatchewan Workers' Compensation Board	16,666	-
Other - Permanent Collection fees	25,292	25,505
	6,957,193	7,482,770
Expenses		
Conexus Arts Centre	44,261	44,097
Ministry of Central Services	35,296	36,014
SaskEnergy	2,907	2,756
SaskPower	13,644	9,202
SaskTel	34,908	36,201
Saskatchewan Gaming Corporation	13,168	-
Saskatchewan Workers' Compensation Board	14,868	9,720
Tourism Saskatchewan	1,500	-
	$ 160,552	$ 137,990

In addition, the Board pays provincial sales tax to the Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases. Other transactions with related parties and amounts due to/from them and the terms of settlement are described separately in these financial statements and the notes thereto.

17. Net Financial Assets

The following Net Financial Assets are designated by the Board as at March 31st:

	2017	2016
Restricted:		
Flexible Loan Program (Note 15)	$ 150,000	$ 150,000
Culture on the Go	-	149,999
Michele Sereda Fund	-	1,265
Restricted funds (Note 10 and 10a)	5,180,586	5,009,590
	5,330,586	5,310,854
Non-restricted:		
Non-restricted funds (Note 10) and other	1,007,659	1,073,555
Net financial assets	$ 6,338,245	$ 6,384,409

18. Grants

	2017	2016
Professional Arts Organizations Program	$ 3,924,532	$ 3,645,272
SaskFestivals	761,435	771,435
Independent Artists	695,000	695,000
Indigenous Pathways Initiative	200,000	200,000
Artists in Communities	375,000	415,000
Artists in Schools	249,900	264,500
Culture on the Go	331,435	268,357
Scholarships	22,216	25,000
Other granting initiatives	105,000	161,720
Grants returned	(12,024)	(76,091)
	$ 6,652,494	$ 6,370,193

19. Deferred & Unearned Revenue

During 2007, the Board received $340,000 from Sask Sport Inc. to operate three specified programs over a ten-year period beginning April 1, 2007, using funds made available for this purpose from proceeds of the 2005 Canada Summer Games designated for Cultural legacy initiatives. During the year, the remainder of the original funds, $62,000 (2016: $32,000) was recorded as revenue.

Donations toward the Michele Sereda Fund was also recorded as revenue and used as cash prizes for two short-listed nominees in the emerging artist category at the Saskatchewan Arts Awards.

Other deferred revenue recorded on the Statement of Financial Position comprises of payments pertaining to subsequent periods for the rental of art objects from the Permanent Collection and program funding for Access Copyright Foundation and the Arts Entrepreneurial Business Development Course.

20. Collective Bargaining Agreement

The collective bargaining agreement between the Arts Board and SGEU Local 2288 expired September 30, 2016. Negotiations have started on a new contract but no settlement has been agreed to or ratified.

21. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.